

SCHWARTZER & MCPHERSON LAW FIRM
 2850 South Jones Boulevard, Suite 1
 Las Vegas, Nevada 89146-5308
 Tel: (702) 228-7590 · Fax: (702) 892-0122

Annette W. Jarvis, Utah Bar No. 1649
 RAY QUINNEY & NEBEKER P.C.
 36 South State Street, Suite 1400
 P.O. Box 45385
 Salt Lake City, Utah 84145-0385
 Telephone: (801) 532-1500
 Facsimile: (801) 532-7543
 Email: ajarvis@rqn.com

E-FILED ON AUGUST 17, 2007

and
 Lenard E. Schwartzer
 Nevada Bar No. 0399
 Jeanette E. McPherson
 Nevada Bar No. 5423
 Schwartzer & McPherson Law Firm
 2850 South Jones Boulevard, Suite 1
 Las Vegas, Nevada 89146-5308
 Telephone: (702) 228-7590
 Facsimile: (702) 892-0122
 E-Mail: bkfilings@s-mlaw.com
 Attorneys for Debtors and Debtors-in-Possession

**UNITED STATES BANKRUPTCY COURT
 DISTRICT OF NEVADA**

In re:
 USA COMMERCIAL MORTGAGE COMPANY,
 Debtor.

Case No. BK-S-06-10725 LBR
 Case No. BK-S-06-10726 LBR
 Case No. BK-S-06-10727 LBR
 Case No. BK-S-06-10728 LBR
 Case No. BK-S-06-10729 LBR

In re:
 USA CAPITAL REALTY ADVISORS, LLC,
 Debtor.

Chapter 11

In re:
 USA CAPITAL DIVERSIFIED TRUST DEED
 FUND, LLC,
 Debtor.

**Jointly Administered Under
 Case No. BK-S-06-10725 LBR**

In re:
 USA CAPITAL FIRST TRUST DEED FUND, LLC,
 Debtor.

**MONTHLY OPERATING REPORT
 FOR MARCH 2007
 (AFFECTS USA CAPITAL
 DIVERSIFIED TRUST DEED FUND,
 LLC)**

In re:
 USA SECURITIES, LLC,
 Debtor.

Affects:

- ☐ All Debtors
- ☐ USA Commercial Mortgage Company
- ☐ USA Capital Realty Advisors, LLC
- ☒ USA Capital Diversified Trust Deed Fund, LLC
- ☐ USA Capital First Trust Deed Fund, LLC
- ☐ USA Securities, LLC

STATEMENT OF OPERATIONS**(General Business Case)**For the Month Ended 03/12/07-Effective Date of Plan

Current Month				Cumulative (Case to Date)	Next Month Forecast
Actual	Forecast	Variance			
(\$2,352,030)		(\$2,352,030)	Revenues:		
		\$0	1 Gross Sales	(\$3,563,334)	
(\$2,352,030)	\$0	(\$2,352,030)	2 less: Sales Returns & Allowances		
\$0		\$0	3 Net Sales	(\$3,563,334)	\$0
(\$2,352,030)	\$0	(\$2,352,030)	4 less: Cost of Goods Sold (Schedule 'B')		
		\$0	5 Gross Profit	(\$3,563,334)	\$0
		\$0	6 Interest	\$2,367	
		\$0	7 Other Income: _____		
		\$0	8 _____		
		\$0	9 _____		
(\$2,352,030)	\$0	(\$2,352,030)	10 Total Revenues	(\$3,560,967)	\$0
		\$0	Expenses:		
		\$0	11 Compensation to Owner(s)/Officer(s)		
		\$0	12 Salaries		
		\$0	13 Commissions		
		\$0	14 Contract Labor		
		\$0	Rent/Lease:		
		\$0	15 Personal Property		
		\$0	16 Real Property		
		\$0	17 Insurance		
(\$775,880)		\$775,880	18 Management Fees	\$541,044	
		\$0	19 Depreciation		
		\$0	Taxes:		
		\$0	20 Employer Payroll Taxes		
		\$0	21 Real Property Taxes		
		\$0	22 Other Taxes		
		\$0	23 Other Selling		
		\$0	24 Other Administrative	\$467	
		\$0	25 Interest		
		\$0	26 Other Expenses: _____		
		\$0	27 Provision for Loan Losses	\$17,915,165	
\$24,560		(\$24,560)	28 Collection/Appraisal Costs	\$24,560	
		\$0	29 _____		
		\$0	30 _____		
		\$0	31 _____		
		\$0	32 _____		
		\$0	33 _____		
		\$0	34 _____		
(\$751,320)	\$0	\$751,320	35 Total Expenses	\$18,481,236	\$0
(\$1,600,710)	\$0	(\$1,600,710)	36 Subtotal	(\$22,042,203)	\$0
		\$749,959	Reorganization Items:		
(\$749,959)		\$0	37 Professional Fees	(\$6,440,127)	
		\$0	38 Provisions for Rejected Executory Contracts		
		\$0	39 Interest Earned on Accumulated Cash from Resulting Chp 11 Case		
		\$0	40 Gain or (Loss) from Sale of Equipment		
		\$0	41 U.S. Trustee Quarterly Fees	(\$6,750)	
		\$0	42 _____		
(\$749,959)	\$0	\$749,959	43 Total Reorganization Items	(\$6,446,877)	\$0
(\$2,350,669)	\$0	(\$2,350,669)	44 Net Profit (Loss) Before Federal & State Taxes	(\$28,489,080)	\$0
		\$0	45 Federal & State Income Taxes		
(\$2,350,669)	\$0	(\$2,350,669)	46 Net Profit (Loss)	(\$28,489,080)	\$0

Attach an Explanation of Variance to Statement of Operations (For variances greater than +/- 10% only):

BALANCE SHEET
(General Business Case)
For the Month Ended 03/12/07-Effective Date of Plan

Assets

		<u>From Schedules</u>	<u>Market Value¹</u>
Current Assets			
1	Cash and cash equivalents - unrestricted		\$1,303,271
2	Cash and cash equivalents - restricted		
3	Accounts receivable (net)	A	\$0
4	Inventory	B	\$0
5	Prepaid expenses		
6	Professional retainers		
7	Other: <u>Accrued interest (net)</u>		\$21,300,313
8			
9	Total Current Assets		\$22,603,584
Property and Equipment (Market Value)			
10	Real property	C	\$0
11	Machinery and equipment	D	\$0
12	Furniture and fixtures	D	\$0
13	Office equipment	D	\$0
14	Leasehold improvements	D	\$0
15	Vehicles	D	\$0
16	Other: _____	D	
17	_____	D	
18	_____	D	
19	_____	D	
20	_____	D	
21	Total Property and Equipment		\$0
Other Assets			
22	Loans to shareholders		
23	Loans to affiliates		
24	Notes receivable (net of allowance)		\$45,958,137
25	Intercompany receivable - USA Commercial Mortgage		\$18,914,005
26	Intercompany receivable - Other		\$16,180,380
27			
28	Total Other Assets		\$81,052,522
29	Total Assets		<u>\$103,656,106</u>

NOTE:

Indicate the method used to estimate the market value of assets (e.g., appraisals; familiarity with comparable market prices, etc.) and the date the value was determined.

1 - The method used to estimate the market value of assets was net book value at the end of the current reporting period as market value has not been determined.

Liabilities and Equity
(General Business Case)

Liabilities From Schedules

Post-Petition

Current Liabilities

30	Salaries and wages		
31	Payroll taxes		
32	Real and personal property taxes		
33	Income taxes		
34	Sales taxes		
35	Notes payable (short term)		
36	Accounts payable (trade)	A	
37	Real property lease arrearage		
38	Personal property lease arrearage		
39	Accrued professional fees		\$2,624,377
40	Current portion of long-term post-petition debt (due within 12 months)		
41	Other: Management fees		\$174,482
42	Payable to USA Capital First Trust Deed Fund		\$847,776
43			
44	Total Current Liabilities		\$3,646,635

Long-Term Post-Petition Debt, Net of Current Portion

46	Total Post-Petition Liabilities		\$3,646,635
----	--	--	--------------------

Pre-Petition Liabilities (allowed amount)¹

47	Secured claims ¹	F	\$0
48	Priority unsecured claims ¹	F	\$0
49	General unsecured claims ¹	F	\$59,688
50	Total Pre-Petition Liabilities		\$59,688
51	Total Liabilities		\$3,706,323

Equity (Deficit)

52	Retained Earnings/(Deficit) at time of filing		\$49,422,100
53	Capital Stock		
54	Additional paid-in capital		
55	Cumulative profit/(loss) since filing of case		(\$28,489,080)
56	Post-petition contributions/(distributions) or (draws)		
57	General and Limited Partners Equity		\$79,016,763
58	Market value adjustment		
59	Total Equity (Deficit)		\$99,949,783
60	Total Liabilities and Equity (Deficit)		\$103,656,106

NOTE:

1 - Allowed Amounts have not yet been determined and are contingent upon approval from the Bankruptcy Court. The pre-petition liabilities' amounts above reflect the claimed amounts filed on Schedules.

SCHEDULES TO THE BALANCE SHEET
(General Business Case)

Schedule A

Accounts Receivable and (Net) Payable

Receivables and Payables Agings	Accounts Receivable [Pre and Post Petition]	Accounts Payable [Post Petition]	Past Due Post Petition Debt
0 -30 Days			
31-60 Days			
61-90 Days			
91+ Days			
Total accounts receivable/payable	\$0	\$0	
Allowance for doubtful accounts			
Accounts receivable (net)	\$0		

Schedule B

Inventory/Cost of Goods Sold

Types and Amount of Inventory(ies)	Inventory(ies) Balance at End of Month	Cost of Goods Sold
		Inventory Beginning of Month
		Add -
Retail/Restaurants -		Net purchase
Product for resale		Direct labor
		Manufacturing overhead
Distribution -		Freight in
Products for resale		Other:
Manufacturer -		
Raw Materials		
Work-in-progress		
Finished goods		
Other - Explain		
TOTAL	\$0	Cost of Goods Sold

Method of Inventory Control

Do you have a functioning perpetual inventory system?

Yes _____ No _____

How often do you take a complete physical inventory?

Weekly _____
 Monthly _____
 Quarterly _____
 Semi-annually _____
 Annually _____

Date of last physical inventory was _____

Date of next physical inventory is _____

Inventory Valuation Methods

Indicate by a checkmark method of inventory used.

Valuation methods -

FIFO cost _____
 LIFO cost _____
 Lower of cost or market _____
 Retail method _____
 Other _____
 Explain _____

**Schedule C
Real Property**

Description	<u>Cost</u>	<u>Market Value</u>
Total	\$0	\$0

**Schedule D
Other Depreciable Assets**

Description	<u>Cost</u>	<u>Market Value</u>
Machinery & Equipment -		
Total	\$0	\$0

Furniture & Fixtures -		
Total	\$0	\$0

Office Equipment -		
Total	\$0	\$0

Leasehold Improvements -		
Total	\$0	\$0

Vehicles -		
Total	\$0	\$0

Schedule E
Aging of Post-Petition Taxes
(As of End of the Current Reporting Period)

Taxes Payable	<u>0-30 Days</u>	<u>31-60 Days</u>	<u>61-90 Days</u>	<u>91+ Days</u>	<u>Total</u>
Federal					
Income Tax Withholding					\$0
FICA - Employee					\$0
FICA - Employer					\$0
Unemployment (FUTA)					\$0
Income					\$0
Other (Attach List)					\$0
Total Federal Taxes	\$0	\$0	\$0	\$0	\$0
State and Local					
Income Tax Withholding					\$0
Unemployment (UT)					\$0
Disability Insurance (DI)					\$0
Empl. Training Tax (ETT)					\$0
Sales					\$0
Excise					\$0
Real property					\$0
Personal property					\$0
Income					\$0
Other (Attach List)					\$0
Total State & Local Taxes	\$0	\$0	\$0	\$0	\$0
Total Taxes	\$0	\$0	\$0	\$0	\$0

Schedule F
Pre-Petition Liabilities

<u>List Total Claims For Each Classification -</u>	<u>Claimed¹</u> <u>Amount</u>	<u>Allowed²</u> <u>Amount (b)</u>
Secured claims (a)		
Priority claims other than taxes		
Priority tax claims		
General unsecured claims	\$59,688	

(a) List total amount of claims even if under secured.

(b) Estimated amount of claim to be allowed after compromise or litigation. As an example, you are a defendant in a lawsuit alleging damage of \$10,000,000 and a proof of claim is filed in that amount. You believe that you can settle the case for a claim of \$3,000,000. For Schedule F reporting purposes you should list \$10,000,000 as the Claimed Amount and \$3,000,000 as the Allowed Amount.

Schedule G
Rental Income Information
Not applicable to General Business Cases

Schedule H
Recapitulation of Funds Held at End of Month

	<u>Account 1</u>	<u>Account 2</u>	<u>Account 3</u>	<u>Account 4</u>
Bank	Bank of America			
Account Type	Analyzed Checking			
Account No.	3755532451			
Account Purpose	General			
Balance, End of Month	\$1,303,271			
Total Funds on Hand for all Accounts	\$1,303,271			

Attach copies of the month end bank statement(s), reconciliation(s), and the check register(s) to the Monthly Operating Report.

NOTES:

1 - Claimed Amounts reflects amounts filed on schedules and is subject to change as proof of claims are filed and further pre-petition invoices are identified.

2 - Allowed Amounts have not yet been determined and are contingent upon approval from the Bankruptcy Court.

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**Increase/(Decrease) in Cash and Cash Equivalents****For the Month Ended** 03/12/07-Effective Date of Plan

		Actual <u>Current Month</u>	Cumulative <u>(Case to Date)</u>
Cash Receipts			
1	Rent/Leases Collected		
2	Cash Received from Sales	\$19,657	\$4,986,917
3	Interest Received		\$2,367
4	Borrowings		
5	Funds from Shareholders, Partners, or Other Insiders		
6	Capital Contributions		
7	Return of Funds, Pre-petition Check Cashed in Error		\$203
8	Intercompany Settlement with USA Capital First Trust Deed Fund	\$500,000	\$500,000
9			
10			
11			
12	Total Cash Receipts	\$519,657	\$5,489,487
Cash Disbursements			
13	Payments for Inventory		
14	Selling		
15	Administrative		\$287
16	Capital Expenditures		
17	Principal Payments on Debt		
18	Interest Paid		
	Rent/Lease:		
19	Personal Property		
20	Real Property		
	Amount Paid to Owner(s)/Officer(s)		
21	Salaries		
22	Draws		
23	Commissions/Royalties		
24	Expense Reimbursements		
25	Other		
26	Salaries/Commissions (less employee withholding)		
27	Management Fees		\$1,192,311
	Taxes:		
28	Employee Withholding		
29	Employer Payroll Taxes		
30	Real Property Taxes		
31	Other Taxes		
32	Other Cash Outflows:		
33	U.S. Trustee Quarterly Fees		\$6,750
34	Professional Fees Paid in Connection with Chapter 11 Case		\$3,815,750
35			
36			
37			
38	Total Cash Disbursements:	\$0	\$5,015,098
39	Net Increase (Decrease) in Cash	\$519,657	\$474,389
40	Cash Balance, Beginning of Period	\$783,614	\$828,882
41	Cash Balance, End of Period	\$1,303,271	\$1,303,271

STATEMENT OF CASH FLOWS
(Optional) Increase/(Decrease) in Cash and Cash Equivalents
For the Month Ended 03/12/07-Effective Date of Plan

		Actual	Cumulative
		<u>Current Month</u>	<u>(Case to Date)</u>
Cash Flows From Operating Activities			
1	Cash Received from Sales	\$19,657	\$4,986,917
2	Rent/Leases Collected		
3	Interest Received		\$2,367
4	Cash Paid to Suppliers		
5	Cash Paid for Selling Expenses		
6	Cash Paid for Administrative Expenses		\$287
	Cash Paid for Rents/Leases:		
7	Personal Property		
8	Real Property		
9	Cash Paid for Interest		
10	Cash Paid for Net Payroll and Benefits		
	Cash Paid to Owner(s)/Officer(s)		
11	Salaries		
12	Draws		
13	Commissions/Royalties		
14	Expense Reimbursements		
15	Other		
	Cash Paid for Taxes Paid/Deposited to Tax Acct.		
16	Employer Payroll Tax		
17	Employee Withholdings		
18	Real Property Taxes		
19	Other Taxes		
20	Cash Paid for General Expenses		
21	Return of Funds, Pre-petition Check Cashed in Error		(\$203)
22	Management Fees		\$1,192,311
23	Intercompany Settlement with USA Capital First Trust Deed Fund	(\$500,000)	(\$500,000)
24			
25			
26			
27	Net Cash Provided (Used) by Operating Activities before Reorganization Items	\$519,657	\$4,296,889
Cash Flows From Reorganization Items			
28	Interest Received on Cash Accumulated Due to Chp 11 Case		
29	Professional Fees Paid for Services in Connection with Chp 11 Case		\$3,815,750
30	U.S. Trustee Quarterly Fees		\$6,750
31			
32	Net Cash Provided (Used) by Reorganization Items	\$0	(\$3,822,500)
33	Net Cash Provided (Used) for Operating Activities and Reorganization Items	\$519,657	\$474,389
Cash Flows From Investing Activities			
34	Capital Expenditures		
35	Proceeds from Sales of Capital Goods due to Chp 11 Case		
36			
37	Net Cash Provided (Used) by Investing Activities	\$0	\$0
Cash Flows From Financing Activities			
38	Net Borrowings (Except Insiders)		
39	Net Borrowings from Shareholders, Partners, or Other Insiders		
40	Capital Contributions		
41	Principal Payments		
42			
43	Net Cash Provided (Used) by Financing Activities	\$0	\$0
44	Net Increase (Decrease) in Cash and Cash Equivalents	\$519,657	\$474,389
45	Cash and Cash Equivalents at Beginning of Month	\$783,614	\$828,882
46	Cash and Cash Equivalents at End of Month	<u>\$1,303,271</u>	<u>\$1,303,271</u>